

Message Text

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PAGE 01 MOSCOW 18842 01 OF 02 011501Z

42

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W

----- 065823

O R 011410Z DEC 76

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC IMMEDIATE 1630

INFO AMCONSUL LENINGRAD

C O N F I D E N T I A L SECTION 1 OF 2 MOSCOW 18842

EXDIS

DEPT PLEASE PASS TREASURY FOR SECRETARY SIMON

E.O. 11652: XGDS-1

TAGS: PFOR, UR, US ETRD

SUBJECT: SIMON-BREZHNEV MEETING

1. SUMMARY. DURING 45-MINUTE CONVERSATION WITH SECRETARY SIMON NOVEMBER 30, BREZHNEV REAFFIRMED SOVIET INTEREST IN IMPROVING RELATIONS WITH US, EXPRESSED SOME UNCERTAINTY OVER PRESIDENT-ELECT CARTER'S POLICY TOWARD THE USSR, AND ASKED THAT CARTER BE INFORMED THAT SOVIETS DO NOT INTEND TO CREATE A TEST OF NERVES EARLY IN HIS ADMINISTRATION. SIMON EXPLAINED U.S. INTEREST IN IMPROVING RELATIONS AND EXPANDING TRADE, DISCUSSED PROSPECTS FOR SECURING A CHANGE IN THE JACKSON-VANIK AMENDMENT, AND PROMISED TO RELAY MESSAGE TO CARTER. END SUMMARY.

2. BREZHNEV RECEIVED SECRETARY SIMON FOR APPROXIMATELY 45 MINUTES IN HIS KREMLIN OFFICE NOVEMBER 30. MINISTER OF FOREIGN TRADE PATOLICHEV, BREZHNEV AIDE ALEKSANDROV AND INTERPRETER SUKHODREV WERE PRESENT ON SOVIET SIDE WHILE SEIDMAN, PARSKY AND CHARGE ACCOMPANIED SIMON. SOVIET PRESS AND POOL REPRESENTATIVE OF U.S. PRESS WERE PRESENT FOR PHOTO OPPORTUNITY AT START OF MEETING (17:30 HOURS), BUT THEY DEPARTED WHEN CONVERSATION BEGAN.

3. BREZHNEV OPENED CONVERSATION BY REMARKING THAT
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MANY INTERESTING THINGS HAD OCCURRED RECENTLY IN THE UNITED

STATES. SIMON CONCURRED AND NOTED THAT U.S. IS GOING THROUGH A TRANSITION PERIOD FROM THE CURRENT ADMINISTRATION TO THE NEXT. BREZHNEV SAID THAT HE HAD NOTICED THAT PRESIDENT-ELECT CARTER HAD BEEN QUITE ACTIVE RECENTLY, AND SIMON REPLIED THAT HE HAS INDEED BEEN ACTIVE, BUT HAD MADE CLEAR THAT HIS IS NOT IN CHARGE OF THE U.S. GOVERNMENT UNTIL HIS INAUGURATION ON JANUARY 20 AND THAT UNTIL THEN THE CURRENT ADMINISTRATION IS FULLY RESPONSIBLE FOR ALL CONCRETE QUESTIONS.

4. BREZHNEV NOTED THAT HE HAD RECEIVED A LETTER THAT DAY FROM PRESIDENT FORD AND EXPRESSED HIS GRATITUDE FOR IT. HE THEN NOTICED THAT SIMON TOOK OUT A PIPE AND SAID "I SEE YOUR ARE A PIPE SMOKER." SIMON REPLIED THAT HE STARTED SMOKING A PIPE TEN YEARS AGO IN AN ATTEMPT TO GIVE UP CIGARETTE SMOKING, BUT THAT HE NOW SMOKES BOTH. BREZHNEV ASKED HIM TO SMOKE A CIGARETTE, SINCE HE LIKES THE SMELL, AND TOOK AN UNLIT CIGARETTE AND SNIFFED IT FONDLY. SIMON COMMENTED THAT BREZHNEV WAS STRONGER THAN HE IS. BREZHNEV REPLIED THAT HE HAD SURPRISED HIMSELF. THE DOCTOR HAD ORDERED HIM TO GIVE UP SMOKING "AFTER THAT PROCEDURE," AND HE HAD DONE SO. THAT WAS 14 MONTHS AGO, AND HE HAS NOT SMOKED A CIGARETTE SINCE. HE WENT ON TO SAY THAT HIS TWO "AIDES" WHO RIDE WITH HIM IN HIS CAR ARE SMOKERS AND THAT THEY USUALLY REFRAIN FROM SMOKING IN THE CAR, THINKING THAT IT WOULD DISTURB HIM. HOWEVER, HE HAS URGED THEM TO SMOKE IN HIS PRESENCE BECAUSE HE ENJOYS THE SMELL EVEN THOUGH HE DOES NOT SMOKE HIMSELF.

5. THEN TURNING TO SUBSTANTIVE MATTERS, BREZHNEV SAID THAT HE WAS VERY PLEASED TO HAVE THE OPPORTUNITY TO MEET WITH SECRETARY SIMON AGAIN. THE SOVIET UNION, HE SAID, STANDS IN FAVOR OF GOOD RELATIONS WITH THE UNITED STATES. HE HAD SAID THIS AT THE 25TH PARTY CONGRESS AND AT THE OCTOBER CENTRAL COMMITTEE PLENUM. (BREZHNEV FIRST SAID THE "MARCH" PLENUM, WHICH ALEKSANDROV CORRECTED TO "OCTOBER.") HE HAD ALSO EXPRESSED THIS VIEW WHEN HE WAS IN YUGOSLAVIA AND SUBSEQUENTLY IN ROMANIA. "WE ARE SUPPORTERS (STORONNIKI) OF GOOD RELATIONS, AND THIS IS OUR PERMANENT LINE," HE REITERATED, ADDING THAT THERE IS NOTHING TACTICAL
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(KONYUKTURNOYE) ABOUT IT, AND THAT SIMON WILL HEAR NOTHING NEW ABOUT THE SOVIET DESIRE FOR GOOD RELATIONS.

NOTE BY OC/T: NOT PASSED SECRETARY SIMON.

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W

----- 066104

O R 011410Z DEC 76

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC IMMEDIATE 1631

INFO AMCONSUL LENINGRAD

C O N F I D E N T I A L SECTION 2 OF 2 MOSCOW 18842

EXDIS

DEPT PLEASE PASS TREASURY FOR SECRETARY SIMON

6. BREZHNEV THEN SAID THAT THEY HAD SENT CONGRATULATIONS TO CARTER ON HIS ELECTION. HOWEVER, HE DOES NOT KNOW CARTER. DURING THE ELECTION CAMPAIGN, HE HAD NOTICED THAT SHARP WORDS WERE EXCHANGED BETWEEN PRESIDENT FORD AND CARTER. MANY GOOD THINGS WERE SAID, BUT THINGS WERE ALSO SAID WHICH GAVE RISE TO DOUBT AND MISUNDERSTANDING. ON THE ONE HAND CARTER STATED THE NEED FOR FRIENDLY RELATIONS WITH THE SOVIET UNION, THE ELIMINATION OF DISCRIMINATION AND THE LIKE, AND THESE THINGS MET SOVIET APPROVAL. BUT ON THE OTHER HAND THERE WAS TALK OF CONDUCTING A HARD LINE FROM POSITIONS OF STRENGTH. THIS IS NOT THE WAY TO DEAL WITH THE SOVIET UNION. IN SUM, HE DOES NOT KNOW WHAT CARTER WILL DO IN REGARD TO THE USSR. CARTER SAYS HE IS IN FAVOR OF LIMITING STRATEGIC ARMS, BUT THE U.S. MILITARY BUDGET CONTINUES TO RISE. "BUT WE WILL WAIT AND SEE," BREZHNEV CONCLUDED.

7. REMARKING THAT THESE ARE MILITARY MATTERS AND OUTSIDE SIMON'S RESPONSIBILITY, BREZHNEV THEN TURNED TO TRADE QUESTIONS. WE HAVE SCRUPULOUSLY CARRIED OUT ALL OUR OBLIGATIONS, HE SAID. WE AGREED TO BUY 5-6 (SIC) MILLION TONS OF GRAIN A YEAR, HE SAID, AND HAVE DONE SO, AND WILL DO SO IN FUTURE AS AGREED. NOT ALL THE GRAIN HAS BEEN SHIPPED YET, HE ADDED, BUT SAID THAT THIS WOULD OF COURSE FOLLOW. HE WAS AWARE THAT SOME PROBLEMS HAD ARISEN

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IN REGARD TO SHIPMENT, BUT WAS CONFIDENT THAT THESE WOULD BE WORKED OUT. HE UNDERSTOOD THAT THE U.S. SIDE RAISED ITS SHIPPING RATES ABOVE WORLD MARKET RATES, AND THIS IS NOT JUST. SHIPMENTS MUST BE MADE AT WORLD PRICES. DESPITE THESE OCCASIONAL DISPUTES, HE NOTED THAT U.S. BUSINESSMEN REMAIN INTERESTED IN TRADE WITH THE USSR. AS FOR THE SOVIETS, THEY ARE ALSO INTERESTED.

8. AT THIS POINT, PATOLICHEV POINTED OUT THAT THE SOVIET UNION HAD BOUGHT \$800 MILLION WORTH OF EQUIPMENT THIS YEAR FROM THE U.S. HE ALSO INFORMED BREZHNEV THAT SIMON HAD BROUGHT TO MOSCOW A VERY LARGE GROUP OF AMERICAN BUSINESSMEN, AND HAD SPOKEN TO THEM HERE. PATOLICHEV CHARACTERIZED SIMON'S APPROACH AS SOUND (TREZVY) AND SAID THAT SIMON WAS PROVIDING SOLID SUPPORT FOR THE EXPANSION OF TRADE.

9. RESPONDING TO BREZHNEV'S REMARKS, SIMON SAID THAT HE WAS HONORED TO BE IN MOSCOW AND TO BE RECEIVED BY BREZHNEV. HE NOTED THAT BY FAR THE LARGEST GATHERING EVER ARRANGED OF THE CAPTAINS OF AMERICAN INDUSTRY WAS TAKING PLACE IN MOSCOW, AND POINTED OUT THAT THIS SHOWS THE INTEREST IN U.S. BUSINESSMEN IN INCREASING TRADE WITH THE SOVIET UNION. THE BUSINESS COMMUNITY IS A POWERFUL VOICE IN U.S. PUBLIC OPINION, AND SINCE ULTIMATELY PUBLIC OPINION DETERMINES U.S. POLICY, BUSINESS ATTITUDES ARE IMPORTANT. SIMON THEN DISCUSSED THE PROSPECTS FOR A CHANGE IN THE JACKSON-VANIK AMENDMENT ALONG THE SAME LINES AS THOSE USED WITH PATOLICHEV EARLIER IN THE DAY (SEPTTEL). (FYI: DURING THIS DISCUSSION CHARGE WAS ENGAGED BY ALEKSANDROV IN DISCUSSION OF TASS ANNOUNCEMENT OF MEETING, SO THAT EMBASSY RECORD OF THIS PORTION OF CONVERSATION IS INCOMPLETE. SEIDMAN OR PARSKY CAN PRESUMABLY SUPPLY FROM THEIR NOTES. END FYI)

10. BREZHNEV THEN STATED THAT ACCORDING TO SOME INFORMATION WHICH HE HAD RECEIVED, SOME PEOPLE ARE TRYING TO INTIMIDATE PRESIDENT-ELECT CARTER BY SAYING THAT THE USSR WILL TRY TO PROVIDE A TEST OF NERVES WHEN HE TAKES OFFICE. "PLEASE TELL MR. CARTER," BREZHNEV SAID, "THAT THESE ARE NOTHING BUT MALICIOUS FABRICATIONS. NEITHER BREZHNEV NOR ANYONE ELSE IN THE SOVIET GOVERNMENT HAS SUCH INTENTIONS." CONFIDENTIAL

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THE SOVIET UNION, HE ADDED, IS IN FAVOR OF EQUALITY, MUTUAL BENEFIT AND MUTUAL RESPECT IN US-SOVIET RELATIONS. IT IS FOR THE PROSPERITY OF PEOPLES IN BOTH COUNTRIES AND FOR WORLD PEACE.

11. SIMON ASSURED BREZHNEV THAT HE WOULD PASS THIS MESSAGE TO THE PRESIDENT-ELECT AS SOON AS HE RETURNED TO WASHINGTON. HE ADDED THAT HE HAS KNOWN MR. CARTER FOR SOME TIME, AND NOTED THAT IMPRESSIONS RECEIVED FROM READING THE PRESS CAN BE MISLEADING. HE SAID THAT CARTER IS A THOUGHTFUL, INTELLIGENT MAN WHO SHARES THE DESIRES OF THOSE WHO HAVE WORKED TO PROMOTE GOOD RELATIONS BETWEEN OUR COUNTRIES AND WORLD PEACE.

12. THE MEETING ENDED AT 18:15 WITH SIMON PRESENTING BREZHNEV WITH A MICKEY MOUSE TELEPHONE. (ALEKSANDROV COMMENTED TO CHARGE THAT BREZHNEV WOULD BE DELIGHTED BECAUSE OF HIS GRANDCHILDREN "AND NOW EVEN A GREAT-GRANDCHILD.") THE PARTICIPANTS THEREUPON PROCEEDED DIRECTLY TO THE DINNER HOSTED BY BREZHNEV IN THE GRANOVITAYA PALATA.

13. THIS REPORT WAS PREPARED FOLLOWING SECRETARY SIMON'S DEPARTURE AND HAS NOT BEEN CLEARED BY HIM.
MATLOCK

NOTE BY OC/T: NO PASSED.

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN RELATIONS, MINISTERIAL MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 DEC 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MOSCOW18842
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X1
Errors: N/A
Film Number: D760445-0195
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761283/aaaacucy.tel
Line Count: 245
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 05 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 MAY 2004 by ShawDG>; APPROVED <08 SEP 2004 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SIMON-BREZHNEV MEETING
TAGS: PFOR, ETRD, UR, US, (SIMON, WILLIAM E), (BREZHNEV, LEONID I)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006